

Appendix E

E

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Standard A—Relating Income and Education

Education: Weigh Your Options

Grades 9-12

Key Economic Concepts

- Choice
- Cost/benefit analysis
- Decision making
- Opportunity cost
- Trade-offs

Description

Getting and keeping a job often requires special education or training. While an employer may provide or pay for some additional education or training, workers often have to obtain it on their own. In this lesson, students use a weighted decision-making grid to choose a school that provides education or training for their chosen field of employment. Students use both financial and non-financial criteria in weighting their alternatives. If the teacher desires, the decision grid can be created by means of a computer spreadsheet. Students discover that major decisions like this one often involve trade-offs—getting less of one thing in exchange for more of something else. A weighted decision-making process can help them make the choice that best fits their interests and circumstances.

Lesson Objectives

Students will

- Use a weighted decision-making model to evaluate alternatives for post-secondary education.
- Identify trade-offs made in their decisions.

Introduction

Tell the students there was a time when a person was hired for a job, and he or she then could count on the employer to provide training on the job. Today, more and more employers expect workers to have education and training beyond a high school diploma before hiring them. And learning doesn't end once a person is hired; it will continue throughout a person's life in response to changes in the work world. While an employer may provide or at least pay for some of the education and training needed, workers often have to obtain some additional education on their own. Chances are students will have to invest their own time, money, and effort to continue their education throughout their lifetimes.

Explain that the students are going to explore their options for getting additional education or training after high school. For some, this will mean enrollment in a college degree program; others may want to explore a vocational or technical program. If some of your students are considering the military after high school, they also can use the decision process you'll introduce here. They should include various branches of the military among their alternatives.

Process

Introduce the students to the five-step decision-making process that uses a weighted grid to help them make a major choice—selecting an education or training program after high school. It is assumed students have already invested some time thinking about their post high school employment interests.

STEP 1—State the Problem

- Encourage the students to be as specific as possible in identifying the type of school and learning program that is right for them.
- Direct the students to state their problem at the top of one copy of the Weighted Decision Grid, page 110.

STEP 2—Define and Weigh the Criteria

Explain that choosing a school can involve many criteria. Criteria are standards people consider in making a decision. Some of the most common ones people consider are provided on the checklist at the end of this lesson. After they review the checklist, the students should consider and respond to the following:

- A. Which of the criteria on the list are important to you? List them in the criteria column on the left-hand side of your decision grid.
- B. Are there other criteria not on the list that are important to you? List them in the criteria column as well.
- C. Some criteria will be more important to you than others. Establish the importance of each criterion by using a weight of 1-10, with 10 being the most important and 1 the least important. Record these numbers in the weight column.

STEP 3—Identify the Alternatives

In this step, the students identify at least two specific schools and programs as alternatives for solving their problem. If time allows, you may want them to increase the number of alternatives to three or four. In real life, there are frequently more than two options.

The students write the school or program names in the boxes marked “Alternative” on their decision grids. They will need extra copies of the grid if they have more than two alternatives. Ideally, the students should write their criteria on one grid and make copies of this page. This reduces their time on task and the chance of making an error in transferring information to other pages.

STEP 4—Evaluate the Alternatives

Using the information provided by the schools’ websites, the students evaluate each alternative according to their criteria, using a scale of 1–10, with 10 fulfilling the criterion completely and 1 not fulfilling it at all.

Give the students specific directions:

- A. As you gather information, record your ratings on your decision grid for the appropriate school. Space is provided for you to note anything extra you want to remember.
- B. Once you have completed all your ratings, stop and think for a minute. Are there any additional criteria that you now wish you would have included? Is there another school that you would like to consider as an alternative? This is the time to make any additions and do the research.
- C. When you are satisfied with the information on your grid, it is time to do the math. Multiply the criteria weight by the scores and put the results in the “Weighted Score” boxes.
- D. Add up your weighted scores for each school and enter them as “Total Weighted Score” at the bottom of the grid.
 - Which of your alternatives had the highest score? The lowest score?
 - Were the scores close or far apart?
 - Which criteria did your alternatives score well on?
 - Were there criteria that your alternatives fared poorly on?

Now look at the data on your grid and consider:

- Which of your alternatives had the highest score? The lowest score?
- Were the scores close or far apart?
- Which criteria did your alternatives score well on?
- Were there criteria that your alternatives fared poorly on?

STEP 5—Make a Decision

In the fifth step the students make their decisions, using the information gathered. Here, point out that there is probably no perfect choice. As with most big decisions, there will be trade-offs—getting a little more of one thing in exchange for a little less of something else. A student who wanted to go to school in another state may realize that it is less expensive to stay closer to home. In that case, cost may outweigh the excitement of a new place. For someone else, the quality of the program may be more important than money. In this case, a benefit may outweigh a cost.

Assessment Activity

Assessment is based on student completion of the weighted decision-making grid and preparation of short papers concerning their choices. In the papers, the students should explain their choices and identify trade-offs they had to make.

Weighted Decision Grid

Name: _____

Problem:

		Alternative:			Alternative:		
		Weight	Score	Weight x Score	Score	Weight x Score	Notes
Total Weighted Score:					Total Weighted Score:		

Choosing the Right School for You

Just like people, schools have different personalities. You will have the best chance to succeed and graduate if the school you choose matches your personality and academic goals. Most of the information you will need to determine whether you have a good match is covered in a school's catalog or brochures. You can also find information on the Internet—many schools have websites. If you know others who attend or attended the school, ask for their opinion. A school counselor or potential employer may also be able to provide helpful advice.

Curriculum. Does the school offer the program of study and course you want? Do you want to take advantage of special programs, like study abroad and internships?

Quality. How much contact will you have with your instructors? Will you be taught by persons who have worked in your field of study, professors or graduate students? How involved do you want to be in research and in learning outside of the classroom?

Admission Requirements. What does the school require for admission? And what are your chances of being accepted?

Services and Activities. Does the school offer services you need such as special tutoring? Are there social activities, sports, or other things that you want to be involved in?

Facilities. Are their restaurants and shops near campus? What about computer labs, libraries, and research facilities? Is transportation provided on and around the campus?

Diversity. Does the mixture of students in terms of gender, religious affiliation, and ethnicity fit your needs and interests?

School and Class Size. How many students are in the classes you will be taking? Will you be on a big campus with many majors, an impressive library, and lots to do? Or is it a small campus where you know almost everyone?

Location. Is the school in an urban, suburban, or rural setting? How far is it from home?

Housing. Is there housing or must you live off-campus. What is the condition of housing and how much does it cost? Are there laundry facilities nearby? Is there a meal plan?

Safety. How safe is the campus and what is being done to protect you from crime? Schools must provide you with a summary of their annual security reports. The Department of Education posts crime statistics for many schools online at <http://ope.ed.gov/security>.

Cost. How much will tuition and books costs? Will you need any special equipment or clothing? Are there extra fees such as for using laboratories and recreational facilities?

Financial aid. What financial aid is offered? Are there opportunities to work on or near campus. What hours will you work and how much will you be paid?

Completion rates. What proportion of students graduate? Is there a large number of students who transfer to another school? Schools must give this information to you.

Loan defaults. What percentage of students who took out federal student loans later failed to repay their loans? You might not be able to get federal aid for a school that has a high default rate.

Refund policies. What are the school's refund policies? If you enroll but never begin classes, you should get most of your money back. If you begin attending classes but leave before completing your coursework, you may be able to get part of your money back.

Job placement. Does the school help you find a job after graduation? What percentage of recent graduates has been placed in jobs relevant to their course of study?

Standard B–Money Management

Understanding the Concept of Borrowing Money

Appropriate for grades 6-12

Learning Goal

Understand economic systems, with an emphasis on the United States.

Learning Standard

Understand that scarcity necessitates choices by consumers.

Learning Benchmark

Explain the costs and benefits of making consumer purchases through differing means (e.g., credit, cash).

Workplace Skills

Evaluate options. Understand how to make decisions.

Student Learning Objectives

Instruction in this lesson should result in students achieving the following objectives:

1. Understand what a lender looks for in a borrower.
2. Understand good characteristics of a lender.
3. Understand the concept of establishing credit.
4. Calculate the cost of credit.

Terms

The following terms are presented in this lesson (shown in bold italics):

Add-on interest
Collateral
Credit rating
Interest in advance
Lender
Percent per month
Simple interest

Interest Approach

Use an interest approach that will prepare the students for the lesson. Teachers often develop approaches for their unique class and student situations. A possible approach is included here.

Have two students role play.

Have two students role play. Have one student approach a bank loan officer for an auto loan. After the role play ask the students for any suggestions of questions that should have been asked. Relate to the students the objectives for this lesson.

Objective 1—Understand what a lender looks for in a borrower.

Anticipated Problem: What does a lender look for in a borrower?

A **lender** is an institution or individual who loans money.

- A. A borrower must be of good character.
 - 1. Character refers to the reputation of the borrower.
 - 2. Often times lenders will ask for character references.
- B. Financial position of the borrower is important.
 - 1. Financial position refers to overall economic position.
 - 2. Lenders will ask for a listing of assets, debts, etc. to determine financial standing.
- C. A borrower must prove the capacity to repay the loan.
 - 1. A monthly budget is often viewed.
 - 2. The lender wants to know that there is enough income to cover all of the monthly financial obligations.
- D. Security of the loan is another consideration.
 - 1. The lending institution must know that if the loan goes unpaid they will be able to recover their money.
 - 2. **Collateral** is property that will be taken if repayment is not made.
 - 3. Real estate and vehicles usually act as collateral for home mortgages and car loans.
 - 4. A loan for a vacation may require collateral.

Objective 2—Understand good characteristics of a lender.

Anticipated Problem: What are good characteristics of a lender?

A borrower must feel comfortable with and trust the lender.

- A. A lender should be of good character.
 - 1. A question to consider is: “Does this lender have a good reputation in the community?”
- B. Lending policies should be examined.
 - 1. Some loans may be sold in the secondary market.
 - 2. Is mortgage insurance required?
 - 3. Are business hours of the institution convenient?
- C. Permanence of the lending institution should be considered.
 - 1. How long has the institution been in business?
- D. Cost of the loan is another consideration.
 - 1. Institutions vary on the interest they charge.
 - 2. Carrying charges vary by institution.

Objective 3—Understand the concept of establishing credit.

Anticipated Problem: How can I establish good credit?

Lending institutions want proof of the ability and willingness to pay.

- A. Steps can be taken to obtain a good **credit rating**. A credit rating is a measure of an individual’s or business’ ability to pay debt. It is in part determined on the history of the borrower’s payment of debts.
 - 1. Open a checking account to demonstrate the ability to manage money.
 - 2. Open a savings account to show a good record and provide collateral.

3. Buy an item on a lay away plan to show the willingness to pay.
 4. Apply to a department store or gasoline company for a credit card. Make small purchases and pay for them when the bills come.
- B. When difficulties are encountered in paying bills in a timely manner, it is best to contact the lender to discuss alternative plans for repayment.

Objective 4—Calculate the cost of credit.

Anticipated Problem: What costs are involved with credit?

Credit is not often given without cost.

- A. The annual percentage rate (APR) is the interest charged on the loan per year.
- B. **Simple interest** is a method of calculating interest charges on the outstanding balance for the number of days the money is used.
 1. If you borrowed \$1,000 for one year at 7% interest, you would expect monthly payments of \$89.17, $(\$1,000 \times 1.07 \div 12)$. If you paid the loan off after the first payment, you would pay \$916.67 $[\$1,000 - (\$1,000 \div 12)]$.
- C. With **add-on interest**, the borrower pays interest on the full amount of the loan for the entire loan period. Interest is charged on the face amount of the loan at the time it is made, then the principal and interest are added together and divided equally by the number of payments to be made.
 1. If you borrowed \$1,000 for two years at 7% interest, you could expect to pay a total of \$140 in interest $(\$1,000 \times .07 \times 2)$.
- D. Using **percent per month**, interest is calculated month, by month on the unpaid balance.
 1. The charge might be 2 1/2% per month up to \$300, 2% up to \$500, 1 1/2% up to \$1,000, and 1% over \$1,000.
- E. The **interest in advance** method means the interest is calculated then subtracted from the principal before the borrower actually receives it.
 1. If a borrower took a one-year loan for \$1,000 at 7% interest, she would receive only \$930 at the start of the loan.

CHARACTERISTICS OF A GOOD BORROWER

- **Character**
- **Financial position**
- **Capacity to repay**
- **Security of the loan**

CHARACTERISTICS OF A GOOD LENDER

- **Character**
- **Fair lending policies**
- **Permanence of the lending institution**
- **Cost of the loan**

STEPS IN ESTABLISHING A GOOD CREDIT RATING

- **Open a checking account to demonstrate your ability to manage money.**
- **Open a savings account to show a good record and provide collateral.**
- **Buy an item on a lay-away plan to show your willingness to pay.**
- **Apply to a department store or gasoline company for a credit card. Make small purchases and repay in a timely manner.**

Lab Sheet

Comparing Credit Applications

Purpose:

1. To show the information requested to obtain credit.

Procedure:

1. Obtain a credit application from a bank, credit union, or for a credit card.
2. Complete the application and bring it to class.

Questions to answer:

1. What are the major categories of information requested?
2. How many references are requested?
3. Why is the institution interested in your monthly rent/mortgage payment?
4. What is the purpose of giving your checking and savings account information?

Lab Sheet

Calculating Interest Charges

Purposes:

1. To learn to calculate interest charges.
2. To compare types of interest methods.

Procedure:

Using the information below, answer the following questions.

1. You borrowed \$10,000 for one year at 8.9% interest and the bank charges simple interest. How much interest will you pay if you pay the loan off in 3 months?

2. What would your monthly payment be if the loan in #1 is figured using add-on interest method?

3. How much money would you leave the bank with if the loan is figured using the interest in advance method?

Standard C–Credit and Debt Management

Credit for Beginners

Grades 9-12

Key Economic Concepts

- Credit
- Decision making

Description

This lesson focuses on teaching students the basics about credit. It explains why credit is important, how to keep good credit, and several of the terms that are associated with credit.

Lesson Objectives

Students will

- Explain the importance of good credit.
- Define and use basic terms associated with credit.
- Compare and contrast the features of different types of credit cards.

Introduction

On radio and television a person can see and hear many advertisements for credit. The forms of credit include credit cards, home mortgages, car loans, easy-payment plans for furniture and household appliances, among others. Handling credit is one of the more important financial decisions a consumer faces. In order to make good decisions about credit, students need to know what credit is and how it can help them. In this lesson, the students learn why it is important to have a good credit rating; they also learn to define and use some basic terms associated with credit.

Process

Explain to the students that credit is an arrangement allowing consumers to buy goods and services now and pay for them later. Credit arrangements depend upon a supplier's confidence in a buyer's ability and intention to pay what he or she owes at some future time. People who buy on credit and pay off their debts promptly develop what is called a good credit rating. Having a good credit rating or good credit, as it is often called, is important because it can help people get loans for cars, homes, furniture, and other goods and services. Banks and lending institutions don't want to lend money to poor credit risks, that is, to people who might not repay their loans. They want to be sure they are going to get their money back. To determine how risky a given loan might be, lending institutions rely on credit bureaus. Have the students visit this website to learn about credit bureaus: <http://www.ckfraud.org/credit.html>.

The site explains the debt-to-income ratio. This ratio compares a person's income to his or her debts, yielding a percentage figure to show how much of a person's income will go toward paying debts.

When they view the site, the students should answer the following questions on worksheet one:

1. What is the debt-to-income ratio? (The amount of money a person owes in relation to the amount of money a person makes. The formula is debt divided by gross earnings.)
2. What are some things that lenders consider in deciding whether or not to approve a loan application? (Unpaid credit card bills, student loans, car loans, and mortgage or rent payments.)
3. What do the following debt-to-income percentages mean?
 - a. 10% or less—Credit is in great shape. Loan applicants generally will be approved for low-rate loans. Will have no trouble getting credit cards.
 - b. 11%-20%—Won't have trouble getting loans, but as people approach 20% they probably have too much debt.
 - c. 21%-35%—Too much debt. Probably having trouble saving money.
 - d. 36%-50%—Need to develop a plan to get out of debt.
 - e. More than 50%—You need help. Make an appointment to see a credit counselor.

It is also important that students understand the importance of good credit. Explain that when payments are 30 days late, the lateness will affect the debtor's beacon score. This is the score that tells what kind of loan-risk a person is. The lower the beacon score, the less likely it is that a person will get approved for a loan.

Many students do not have a beacon score because they have no credit. Probably the easiest way to establish credit would be by obtaining a credit card. Have the students visit the site listed below; it introduces several terms associated with obtaining and using a credit card.

Before students view this site, explain the benefits of credit and how it can be abused.

<http://www.creditcardcritic.com/advice/glossary.htm>.

When the students have finished reading this site, they should be able to explain the following terms: APR, annual fee, finance charge, minimum payment, balance transfer, billing cycle, cash advance, grace period, late payment fee, classic card, gold card, platinum card, rebate card, secured card and unsecured card. They should define these terms.

Annual fee

A fee charged to the cardholder by the card issuer. Cardholders pay this fee in order to obtain the credit card in question.

Finance charge

The amount of interest charged on the account for a particular billing cycle.

Minimum payment

The smallest amount of money that must be paid by the cardholder for the billing cycle.

Balance transfer

Moving a balance from one credit card to another.

Billing cycle

The days between the last statement and the current statement.

APR

The annual percentage rate of the finance charge. This yearly interest rate will be a fixed or variable rate.

Grace period

The time period during which a cardholder may pay off his or her balance without incurring a finance charge.

Late payment fee

A fee charged to a cardholders for being delinquent with their payments.

Classic card

A credit card that usually comes with a low credit limit. Also known as the basic card.

Gold card

A credit card that offers the cardholder more benefits and a higher credit limit (usually \$2,000 to \$5,000) than a classic card.

Platinum card

A credit card typically issued to people with higher incomes. The credit limit is usually more than \$5,000.

Rebate card

In using a rebate card, the cardholder earns points or money which may be applied later in the purchase of certain goods and services.

Secured card

A credit card that is secured by the cardholder's opening of a savings account with the issuer. It is intended to help people who are looking to rebuild their credit.

Unsecured cards

Credit cards that are not secured by collateral. Most cards issued are unsecured.

Cash advance

Money the cardholder obtains, by using his or her credit card, from the card issuer.

Conclusion

After discussing the debt-to-income ratio and the terms associated with credit cards, the students should be able to see that a good credit rating will help them to qualify for loans and other forms of credit. Good credit equals acceptability among lenders, and that in turn depends on the borrower's debt-to-income ratio.

Assessment Activity

The students should take the Online Quiz.

Online Quiz. <http://www.econedlink.org/lessons/index.cfm?lesson=EM326&page=teacher>

Standard D—Planning, Saving, and Investing

Money Math: Lessons for Life

Lesson 1
Grades – 5-8

The Secret to Becoming a Millionaire

Lesson Description

Students learn how saving helps people become wealthy. They develop “rules to become a millionaire” as they work through a series of exercises, learning that it is important to: (1) save early and often, (2) save as much as possible, (3) earn compound interest, (4) try to earn a high interest rate, (5) leave deposits and interest earned in the account as long as possible, and (6) choose accounts for which interest is compounded often. This lesson assumes that students have worked with percents and decimal equivalents.

Objectives

Students will be able to:

1. define saving, incentive, interest, and opportunity cost.
2. solve problems using interest rate, fractions, decimals, and percentages.
3. calculate compound interest.
4. explain the benefits of compound interest.
5. explain the opportunity cost of saving.
6. describe a savings bond investment.

Mathematics Concepts

percent, decimal, data analysis, number sense, solving equations, problem solving

Personal Finance Concepts

interest, interest rate, compounding, wealth, saving, savings, inflation, purchasing power

Materials Required

- copies of Activities 1-1 through 1-5 for each student
 - transparencies of Visuals 1-1 through 1-7
 - calculator for each student
 - computers
-

Time Required

4 - 6 days

Procedure

Get Ready

1. Ask the following. Do you want to be a millionaire? What is a millionaire? Explain that a **millionaire** is a person who has wealth totaling one or more million dollars, noting that **wealth** is the total value of what a person owns minus what he or she owes. How could you become a millionaire? (*win the lottery, win a sweepstakes, inherit a million dollars, earn a high income*) Read the following scenario to the class.

Last week, Mrs. Addle told her students that they could become millionaires if they followed the rules she provided them. As a matter of fact, she guaranteed that if they followed her rules exactly, they would be millionaires in 47 years! Misha and the rest of her classmates thought that Mrs. Addle was crazy. If she had rules that would guarantee that someone could be a millionaire, why was she teaching seventh-grade math? Why wasn't she rich and retired? Why didn't she follow her own rules? Mrs. Addle told the students to go home and talk to their families about what she had said.

Misha went home and told her family what Mrs. Addle had said. Misha's mother knew a lot about money and financial matters. She just smiled at Misha and said that Mrs. Addle was correct. When Misha returned to class the next day, Mrs. Addle asked what the students' families said. Of the 25 students in Mrs. Addle's class, 20 students said that their parents and other family members agreed with Mrs. Addle. The other five students forgot to ask.

2. Explain that to learn more about being a millionaire, the students first must review what a percent is. (Note: If needed, Visual 1-1 includes a review.)
3. Point out that in the story, there are 25 students in Misha's class, and 20 students discovered that their families agreed with Mrs. Addle. Ask the following questions. (Note: Step-by-step calculations are provided on Visual 1-2.)
 - a. What percent of the students' families thought that Mrs. Addle was correct? (80%)
 - b. What percent of the students failed to do their homework? (20%)

Get Going

1. Explain that you will share Mrs. Addle's secrets with them. When they become millionaires, they can donate money to the school's math department! Discuss the following.

- a. How do you earn income? (*mow lawns, baby-sit, walk pets, rake leaves, do chores around the house*)
 - b. What do you do with your income? (*save it, spend it, save some, and spend some*)
 - c. Why do you spend your income? (*to buy things that they want now, such as movies, food, and clothes*)
 - d. Why do you save your income? (*to buy things they want in the future*)
2. Explain that when people earn income, they can spend it or save it. When they are **spending**, they spend their money today for goods and services, but they give up the chance to have goods and services in the future. When **saving**, they give up goods and services now to have other goods and services in the future. When people make choices, the highest-valued alternative choice that is given up is their **opportunity cost**. Read the following scenario.

Next year, you want to take a family and consumer science class, a woodworking class, and a photography class. However, you only have room in your schedule for one of these three. Which would you choose? What would be your second choice?

3. Have several students share their first and second choices. Explain that their second choice is their opportunity cost – it is the highest-valued alternative class. When people save, the goods and services that they would have purchased now – the highest-valued alternative – represent their opportunity cost. When they spend now, their opportunity cost is goods and services they could have in the future.
4. Assign Activity 1-1. When they are finished, have students share answers. (1. \$360, \$720, \$1080, \$1440, \$1800, \$2160; 2. The items they would have purchased each day with \$2. This is their opportunity cost. 3. $A + (B \times 180)$ where A = previous year balance and B = the amount deposited each day; 4. Save more each day.) Point out that students have different opportunity costs because their tastes and priorities are different.

The Secret to Becoming a Millionaire

5. Display Visual 1-3. Have students deduce what has changed in each case. They should develop Rules 1 and 2 to become a millionaire. (*In the first case, the saver is saving for a longer period; therefore, Millionaire Rule 1 is to start saving early. In the second case, the saver is saving \$4 per day instead of \$2 per day; therefore, Millionaire Rule 2 is to save more or to save as much as possible.*) Write the two rules on the board.
6. Discuss the following.
 - a. How many of you have savings accounts in banks?
(*Answers will vary.*)
 - b. What are the benefits of placing your savings in a bank?
(*The money is safe in the bank, and the bank pays interest.*)
 - c. What is interest? (*Students may or may not know the exact definition of interest.*)
7. For homework, students who have savings accounts may bring in a statement from their savings accounts. Have all students look for ads in local newspapers and listen to television and radio ads about banks. Tell them to write down any information about interest rates.

Saving is income not spent now. The accumulated amount of money saved over a period of time is called savings. Suppose there are 180 days in a school year, and you begin saving \$2.00 each day in your bank beginning in the 7th grade. You save all the money each year. Your bank fills up and you start saving in an old sock. Answer the following questions.

1. Calculate the amount of savings that you have at the end of each year. Please show your work on the back of this sheet. Record your answers for each year in the "SAVINGS" column of the table below.

GRADE LEVEL	SAVINGS
7th grade	
8th grade	
9th grade	
10th grade	
11th grade	
12 th grade	

2. What would you have to give up each day in order to save \$2.00? What do we call the item you would give up?
3. Write a formula to represent the calculations that you made for each year.
4. According to the formula, what will happen if you increase B?

Uncle Mort Makes It Better

Suppose that on the first day of eighth grade you receive the following message from Uncle Mort. “I am proud that you’ve been saving. I will pay you 10% on the balance that you saved in the seventh grade and 10% on the balance of your saving at the end of each year.” You have \$360 in your bank. Answer the following questions.

1. Calculate how much money you will have at the end of each year. Show your work on the back of this page. Write your answers in the “SAVINGS” column in the table below.

GRADE LEVEL	SAVINGS
7th grade	
8th grade	
9th grade	
10th grade	
11th grade	
12 th grade	

2. Write a formula to represent the amount of savings accumulated at the end of each year.
3. How do the amounts you’ve calculated compare to your previous savings calculations? Why?

1. Write the basic percent equation that you have used in this lesson to solve for the part of the whole. Use the variables a , b , and c , where a is the percent, b is the whole, and c is the part of the whole.

2. Read the following sentences. Write an appropriate formula to use to solve for the percent of allowance saved OR the amount saved.
 - Mary received her weekly allowance of \$10.
 - Mary used two one-dollar bills and two quarters.
 - Mary spent one-fourth of her allowance.

3. Answer the following questions, using the information on the overhead projector.
 - a. How much did the total amount of savings increase from seventh grade until graduation from high school?
 - b. How much did the saver actually deposit in the account during the 6 years?
 - c. Rewrite the percent equation from #1 to find the percent of the whole.
 - d. Use the equation in (c) to find the percent of the total accumulated savings that savers deposited.
 - e. What amount of the savings accumulated as a result of interest and compounding?
 - f. What percent of the total accumulated savings is this amount?
 - g. Approximately 16% of the total amount of the savings accumulated because of interest earned on savings, even though the account only earned 5% interest per year. Why did this happen?
 - h. What would happen if the saver kept the money in the account for ten more years?



ONLINE SHOPPING GRADE LEVEL 9-12

“TAKE CHARGE OF YOUR FINANCES”

Time to complete: 60 minutes

NATIONAL CONTENT STANDARDS

Family and Consumer Sciences Standards: 2.3.1, 2.3.2, 2.3.3, 2.4.1, 2.4.2, 2.4.3, 2.5.3, 3.2.4, 3.2.5

National Council on Economic Education Teaching Standards: 9, 15, 16

National Standards For Business Education

- Career Development:
- Economics: III.1, IV.1, V.1, V.2,
- Personal Finance: I.1, V.1, V.2,

OBJECTIVES

Upon completion of this lesson, students will be able to:

- Brainstorm tips for safe online shopping and utilize them to evaluate websites
- Compare and contrast purchasing methods
- Explain online auctions
- Describe phishing

INTRODUCTION

Internet Safety

The Internet allows consumers to purchase items without the barriers of store hours or location. Utilizing the internet to purchase consumer goods is becoming increasingly popular. In 2003, it was reported that 63% of American homes have at least one computer with 55% of households having internet access³. In 2004, 74% of the internet population over the age of 13, shopped online. There are little restrictions about what can be purchased online. With options such as ordering a pizza to be delivered to your front door or purchasing a concert ticket to be picked up at the box office consumers find online shopping to be quick and convenient. Seventy-one percent of online shoppers find better deals online then via the physical department store or catalog⁵. With the escalating attractiveness of internet buying, there is an amplified need for consumer protection. Unlike shopping in department stores, consumers assume a greater responsibility to create a paper trail to help track their purchases. Even the most cautious internet consumers can be rapidly swept into an unforgivable tide of online fraud. With the knowledge of what problems could happen as well as methods to protect your consumer rights you will be on the correct path to enjoying the newest luxury of internet shopping.

Passwords and Personal Information

Every day consumers provide an abundance of their personal information to others. The simple act of meeting a friend for coffee and using a credit card will provide that particular shop with many details regarding your personal finances. The coffee shop is an isolated location. However, the internet is a fast moving world with connections among hundreds of countries. Guarding personal information will aide in the consumer protection individuals strive to reach.



Although consumers use passwords for everything from e-mail to PIN numbers on a debit card, it is best to not use the same password for all information. The more difficult it is for an individual to learn a consumer's password, the decreased chance of information being used without consent.

Changing passwords on a regular basis (at minimum 90 days) will help to increase security for passwords and personal information. However, remembering several passwords can be challenging. Do not create one that has a bizarre character combination that may be difficult to remember or use a common word such as a month. Record and keep passwords in a secure place. A **secure place** should be out of sight for others and in a memorable location. Websites will offer to remember user names and passwords for individuals. Do not do this to prevent others on the same computer from easily accessing your information, and be sure to log off once the session is complete.

Often, consumers will be prompted to create a user name and password for each website when making their first online purchase. This is the merchant's way of storing personal information for future purchases. Before providing personal information, familiarize yourself with the agreement terms such as the company's liability and warranty information.

Online Shopping Safety Tips

- Do not rely on websites that appear professional as resources for safe online shopping¹. Look for a closed lock in the bottom right hand corner of the screen or use the website URL (Uniform Resource Locator) as a gauge. A URL that is "https" is a good indicator. The "s" stands for secure². These concepts can only help to be a sign of security, they are not a guarantee. Therefore, consumers should also look for many of the other safety indicators.
- If a person is not familiar with the business, inquire about the physical location of the site such as their street address and phone number. This information should be listed on their website. Then, do a reliability check with a company that specializes in customer complaints and dishonest business practices such as the **Better Business Bureau** (www.bbbonline.org)¹. This will help to determine if the company is reputable.
- Pay for purchases using a credit card. If products are not delivered or if it is not what the consumer requested credit above the fifty dollar fee that consumers are responsible for will be issued back. Billing disputes are covered under the **Fair Credit Billing Act**. This act states that the consumer is only responsible for a \$50 fee if the product is not delivered or if it was not what they had ordered. Also, a credit card transaction is easier to track and control compared to other payment options because a person can double check themselves with the paper statement received in the mail¹. If a consumer would not like to use their credit card, obtaining a virtual credit card is an option. Virtual credit cards can be credit card companies are a one time use prepaid card that can be utilized for any online transaction. Many credit card companies also offer substitute numbers. Substitute numbers are temporary credit card numbers assigned by the credit card company. The number can be used to make purchases with amount due appearing on the consumers regular bill. Often substitute credit card numbers are valid for purchases made within a 24 hour window.
- Using methods such as debit cards that are not affiliated with a credit card company, personal checks, cashier's checks, money orders, or wire transfers will not offer the same protection as online payment services or credit cards because they are not covered by the Fair Credit Billing Act. In addition, these transactions are final and irreversible. Therefore, the safest way to pay for an item purchases online is with a credit card.
- Online payment services are a positive option for both buyers and sellers. An **online payment service** is a third party that will help complete the transaction between the buyer and the seller. The buyer will give the



payment information to the service and in turn the service will then pay the seller. The information about the buyer is being held by the service instead of the seller. This helps protect the buyer from any unauthorized charges⁴.

- Review credit card and bank statements as soon as they are received. This will allow consumers to better track and report any unauthorized charges². Fair Credit Billing Act requires unauthorized charges to be reported within 60 days.
- Keep a paper trail of the purchases. Print out the page of the site confirming the purchase details. This will help to confirm the order as well as file a complaint if necessary¹.
- Understand the companies return and refund policies. In addition, be clear about any shipping and handling fees¹.
- Know the date the product should be received. Federal law requires that goods and services be delivered within thirty days unless a different date is specifically stated¹.
- If a consumer believes they have been a victim of fraud, file a report with the **Federal Trade Commission** (www.ftc.gov) which specializes in consumer protection in addition to maintaining a competitive marketplace for both consumers and businesses².
- Anti – Virus software is a computer program that will help to protect personal information and computer files from a computer virus that can destroy data or potentially use personal accounts, such as email, to send viruses to other computers. Anti virus software can be bought and downloaded online or bought at a store and installed onto a computer. Indicators including programs that will recognize current and old viruses, effectively reverse damage, and update itself automatically are gauges of a good program.

Internet Auctions⁴

In addition to shopping online at your favorite department store, a person may also bid against other individuals to receive the best possible price for a product through an online auction. Online auctions specialize in person to person contact involving sellers shipping their goods directly to the consumer. When beginning the process of online auctions there are a few key elements to being a wise consumer. First, know that most sites require a user name and password. Second, take a close look at fees that might be involved. An abundance of sites charge the seller for placing the items on auction. Additionally, often the auction includes a “reserve price.” For a buyer this means that the **reserve price** is the lowest amount the seller is willing to release the product. This means that if a buyer does not bid above the reserve price the seller will not sell the item. Prior to bidding, become more familiar with the site, including protection that may be offered, warranties that may be included, and additional fees including shipping and handling. Do not be afraid to contact the seller with any additional questions before purchasing the merchandise. Be sure to know what type of payment the seller accepts and determine if providing that form of payment is safe and acceptable.

Phishing²

Phishing is an act that internet scam artists use to lure you into giving them personal information. They then use this information to steal your identity, make fraudulent charges, or even to commit crime in your name. Most consumers get the impression that something of this nature may be easy to detect. However, “phishers” find creative ways to allow the consumer to feel as though disclosing this information is safe. A common way for this act to occur is for a pop up message to appear while using the internet or to receive an email. This pop up message will either ask the consumer to validate or update information. These messages will also imply the claim that they are from a business or organization that consumers typically work with. It is crucial to keep in mind that legitimate companies

will never ask for this type of information via e-mail or pop up messages. When in doubt contact the company by a phone number looked up by going directly to their website.

In this lesson, students will know the resources available to use while shopping online, the risks of online shopping fraud, and alternative methods of payment.

BODY

1. Pass out one *Online Shopping* Survey worksheet to each student and instruct them to complete it.
 - a. Have the students report their brainstormed thoughts aloud and record them on the board.
Discussion points could include:
 - i. How age could directly impact the amount that people may shop online. Will adults shop online more or less than teens?
 - ii. How do people learn how to shop online?
2. Pass Out one *Online Shopping* Note Taking Guide to each student and instruct them to complete it during the PowerPoint Presentation
3. Present *Online Shopping* Power Point, <http://fece.arizona.edu/curriculum.php?categoryID=5#221> or make your own using the information from the introduction.
 - a. Slide 1: Online shopping
 - b. Slide 2: What does online shopping offer?
 - i. Have students brainstorm what goods and services are available online and record their idea on their *Online Shopping* Note Taking Guide
 - c. Slide 3: Positive aspects of online shopping
 - i. Allow students time to brainstorm one positive aspect about shopping online. Have them record their idea on their *Online Shopping* Note Taking Guide. Discuss the student's ideas and the following:
 1. Price Comparison
 - a. Not only the price of the product should be compared but also hidden fees such as shipping and handling.
 2. Convenience
 - a. Allow students time to brainstorm one positive aspect about what conveniences the internet may offer. Have them record their ideas in the designated box of *Online Shopping* worksheet.
 - b. Discuss their responses along with hours, locations, and the variety of services available.
 3. Variety of goods and services
 - d. Slide 4: Negative aspects of online shopping
 - i. Allow students time to brainstorm one negative aspect of online shopping. Have them record their idea on their *Online Shopping* Note Taking Guide. Discuss the student's ideas and the following ideas:
 1. Tangible objects
 - a. Online, pictures may be deceiving and a person cannot hold and inspect an object before purchasing it.
 2. Little, if any contact with the merchant
 - b. Ask the students why it might be a good idea to keep personal contact?
 1. Their answers may include: to know a face and name to go along with the product, keep local jobs available for individuals, a quicker response for questions, and easier returns.
 3. Personal information
 - a. Identify what personal information must be provided online compared to paying cash in a department store, an example may include:



1. Mailing Address
- b. Review which types of personal information is safe to give online versus unsafe information.
 1. Safe pieces would include:
 - a. credit card number
 - b. name
 2. Unsafe pieces would include:
 - a. social security number
 - b. drivers license number
4. Consumer responsible for tracking purchases
 - a. Question the students about how to correctly track a credit card purchase in a department store. The consumer should:
 1. Verifying the total is correct
 2. Use the credit card
 3. Receive the receipt from the cashier
 4. Keep the receipt in a secure place
 5. Compare the receipt to the credit card bill received
 6. Pay the credit card bill
 - b. Instruct the students to identify which step would be changed if they made the purchase online.
 - c. The step changed would be 3 – receiving the receipt. The consumer must print the receipt themselves. If they do not, they will not have a record of purchase.
- e. Slide 5: Passwords
 - i. Create a password using a combination of letters and numbers that is unique to you.
 - ii.. Avoid using bizarre character combinations.
 1. Using bizarre character combinations makes passwords difficult to remember.
 - iii. Changing your password
 1. Changing your password every 90 days decreases the time individuals have to learn your information.
 - iiii.. **Secure Place**
 1. Write down passwords and store them in a secure place.
 2. A **secure place** is a place that is out of sight and in a location that can be easily remembered.
 3. Brainstorm ideas of where secure places may be located. These may include:
 - a. In an envelope in a desk drawer
 - b. In a lock box
- f. Slide 6-10: Online shopping tips
 - i. Review the shopping tips the students brainstormed on their *Online Shopping Survey* worksheet.
- Slide 6: “https” and the closed lock
 - i. The “s” stands for secure. There will also be a closed lock in the bottom right hand corner of the website if it is secure.
- Slide 7: **Better Business Bureau** www.bbbonline.org
 - i. This company helps to determine the reliability of a company.
- Slide 8: Unsafe purchasing methods

- i. Explain that personal checks, debit cards not affiliated with credit card companies, and wire transfers, unlike credit cards are not irreversible because they are not covered by the Fair Credit Billing Act, therefore it is much more difficult for a consumer to receive a reimbursement.

Slide 9: Fair credit billing act

- i. This act states that the consumer is only responsible for a \$50 fee if the product is not delivered or if it was not what they had ordered.
 - ii. Some credit card companies offer the benefit of waiving this fee.
- 5. Credit card and bank statements
 - a. By reviewing credit card and bank statements, consumers can catch any unauthorized charges.
 - b. A consumer has 60 days to report any unauthorized charges.

Slide 10: Federal Trade Commission www.ftc.gov

- i. Explain that the FTC is the nation's consumer protection agency. They specialize in fraud prevention, deception, and unfair business practices in the marketplace.
- 7. Anti virus software
 - a. The word "anti" means against
 - b. Evaluate that the need for an anti virus program is to help protect your personal information and personal files stored on your computer.
 - c. Describe the two ways to obtain an anti virus program:
 - 1. Can be purchased at a department store and installed onto your computer
 - 2. Can be purchased and downloaded off of the internet.
 - 3. You can also download a free anti virus program from companies that are considered reputable because they only download the software that you requested, not additional gimmicks or services.

g. Slide 11: Internet auctions

- i. Talk about the overall workings of an internet auction
 - 1. Explain that a user name and password will have to be created.
 - a. The reason is that an account will be created to view the products and make a purchase.
 - 2. Bidding
 - a. Ask students what it means to bid? Question the students if they have ever bid on something and how they knew if they were going to buy the product.
 - b. Identify that individuals bid against each other. The highest bidder after a set amount of time will purchase the product.
 - 3. **Reserve Price**

h. Slide 12: **Phishing**

- 1. Explain that **Phishing** is a type of internet fraud that lures people into giving their personal information by using pop up messages and email.
- 2. Allow students time to brainstorm the types of personal information that they believe phishers are looking for.
- 3. Discuss brainstormed ideas and add to them:
 - a. mailing address information
 - b. credit



- c. card information
- d. social security number

- i. Slide 11: Review
- j. Slide 12: Questions

CONCLUSION

Provide each student with a green, yellow, and red fish *Online Shopping* Game Piece 1.3.2.H1. Refer to the *Online Shopping* Game Pieces 1.3.2.H2 for scenario cards. As the scenario is read, have students hold up the green, yellow, or red fish. If they feel that the scenario depicts a safe situation they should raise the green fish. If they feel that the scenario depicts a situation that should be proceeded into with caution they should raise the yellow fish. If they feel the scenario depicts a situation that would be considered unsafe they should raise the red fish. Refer to the *Online Shopping* Answer key 1.3.2.K1 for discussion topics.

ASSESSMENT

Online Shopping Worksheet 1.3.2.A2

MATERIALS

Online Shopping Survey worksheet 1.3.2.A1
 Online Shopping Worksheet 1.3.2.A2
 Online Shopping Power Point 1.3.2.G1
 Online Shopping Game Pieces 1.3.2.H1
 Online Shopping Note Taking Guide 1.3.2.L1
 Online Shopping Scenario Discussion Guide 1.3.2.K1

RESOURCES

1. Better Business Bureau - Shopping Safely Online
<http://www.bbb.org/alerts/article.asp?ID=435>
 - Nation wide company that specializes in customer complaints and dishonest business practices.
2. On Guard Online- Your Safety Net
<http://www.onguardonline.gov/stopthinkclick.html>
 - Practical tips provided from the federal government to secure your computer, protect your personal identity, and protect your personal identity.
3. Computer and Internet Use In the United States: 2003
<http://www.census.gov/prod/2005pubs/p23-208.pdf>
 - Helping consumers to make informed decisions
4. Federal Trade Commissions - Internet Auctions, A Guide For Buyers and Sellers
<http://www.ftc.gov/bcp/online/pubs/online/auctions.shtm>
 - Maintains a competitive marketplace for both consumers and businesses
5. Statistics: Us Online Shoppers
http://www.shop.org/learn/stats_intshop_general.asp
 - An association for retailers online



ONLINE SHOPPING SURVEY

Directions: Answer the following questions by circling the letter of your response.

1. How often do you shop online?
 - a. Daily
 - b. Weekly
 - c. Monthly
 - d. Yearly
 - e. Never

2. How often do you think a person your age shops online?
 - f. Daily
 - g. Weekly
 - h. Monthly
 - i. Yearly
 - j. Never

Directions: Answer the following questions with a short answer.

3. What was the last item that you purchased online? If you have never shopped online, what was the last item that you thought about purchasing online?

4. When was the last time you completed a price comparison for something online?

5. What are two tips that you would tell someone to help them shop safely online?



ONLINE SHOPPING

	Total Points Earned
10	Total Points Possible
	Percentage

Name_____

Date_____

Directions: Match the following terms with the statements below. Each question is worth 1 point.

____ 1. This helps to take responsibility for unauthorized purchases made on a credit card.

A. Better Business Bureau

B. Fair Credit Billing Act

____ 2. This helps to determine the reliability of a company.

C. Federal Trade Commission

____ 3. Specializes in consumer protection.

Directions: Read the following questions and fill in the blank with a short answer. Each question is worth 1 point.

4. A _____ is a location that is out of sight and in a memorable location.

5. Changing your password on a regular basis means that you should change it every _____ days

6. To determine if a website is safe you can look for the “https” in the address in addition to the _____ found in the bottom right hand corner of the screen.

7. A price that the seller has stated is the lowest they are willing to accept is referred to as the _____.

Directions: Circle True or False for the following statements. Each question is worth 1 point.

T or F 8. All debit cards are covered by the Fair Credit Billing Act

T or F 9. The “s” in “https” stands for safe

T or F 10. The Better Business Bureau has a lock that they display to show the website has been validated.



ONLINE SHOPPING

Directions: Complete the following note taking guide during the PowerPoint presentation.

	Total Points Earned
26	Total Points Possible
	Percentage

Name _____

Date _____

What types of goods and services are available online?



5 Positive Aspects of
Online Shopping

- 1.
- 2.
- 3.
- 4.
- 5.



5 Negative Aspects of
Online Shopping

- 1.
- 2.
- 3.
- 4.
- 5.

Password Safety Tips

- 1.
- 2.
- 3.

A secure place is.



A site is secure when these two things are present on the screen:

Anti-virus software is important because it:

The Better Business Bureau can tell consumers about:

The Federal Trade Commission:

The safest payment method when making an online purchase:

When should statements be reviewed?

The Fair Credit Billing Act states that:

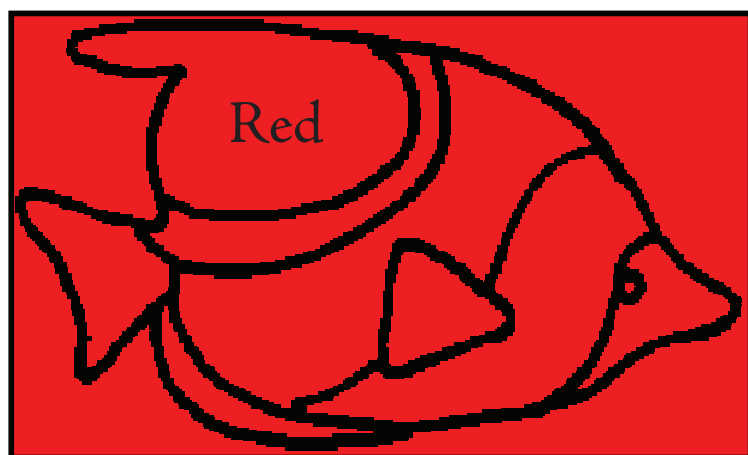
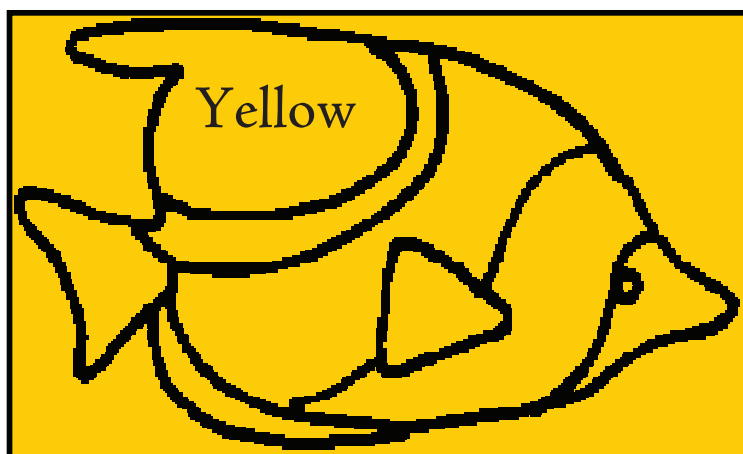
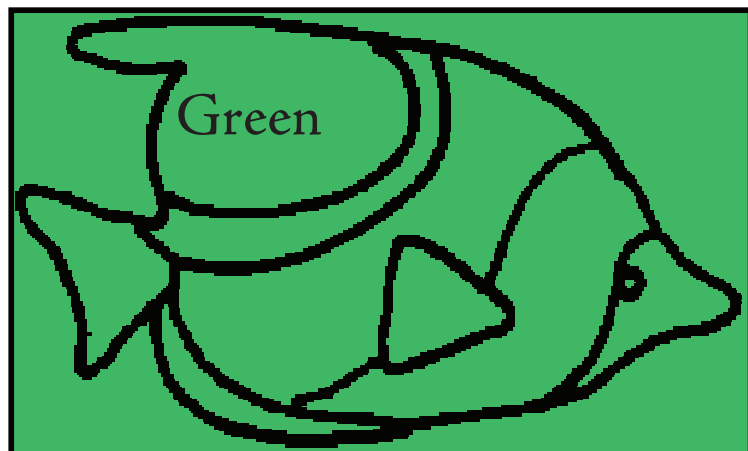
Internet auctions

- 1.
- 2.
- 3.

Phishing is:



ONLINE SHOPPING





Sarah has decided she is going to buy a new bike. After careful research she has found the exact match for her! Because she is buying the bike from an online advertisement posted by a friend of her Aunt's, Sarah has decided to meet the woman at the local grocery store and make the exchange.



Bob found an amazing deal on downhill skis. The seller only accepts debit cards and because Bob cannot turn the offer down he has decided to comply with the seller's terms and use his debit card.



Sue has decided that she wants to buy a new set of golf clubs. She found a set advertised online. However, the seller has decided that they could avoid the online fees if Sue sent a personal check in the mail and in turn the seller would ship the golf clubs.



Chris is shopping for a new book to read during the summer. The best deal he found was at an online store. He has gained approval from his parents to use their credit card to make the purchase from the online store.



Sam is looking to make a stereo his first big purchase. Even though it is only a year old, it is a great price. After closely looking at many pictures on the internet he has decided to set up a wire transfer to pay for the stereo.



Jill lost her cell phone and needs to replace it immediately. She decided to go online to shop for one. She found one that was being sold by a classmate. The classmate said that he would bring the cell phone to school the next day if she brought a cashier's check to pay for it, Jill agreed.



SUGGESTED ANSWERS FOR SCENARIOS

1. Sarah has decided that she is going to buy a new bike. After careful research she has found the exact match for her! Because she is buying the bike from an online advertisement posted by a friend of her Aunt's Sarah has decided to meet the woman at the local grocery store and make the exchange.
 - a. *Green; The seller could be considered a reliable resource. Sarah is going to meet the seller a populated place so she will be safe and she is also getting the opportunity to look at the bike and ask the seller any questions prior to purchasing it. Sarah has to give little if any personal information to make the purchase.*

2. Bob found an amazing deal on downhill skis. The seller only accepts debit cards and because Bob cannot turn the offer down he has decided to comply with the sellers terms and use his debit card.
 - a. *Yellow; Bob needs to do further research into the reasons why the seller will accept nothing but debit cards. Bob needs to consider if his debit card is affiliated with a major credit card company so he can be covered by the Fair Credit Billing Act.*

3. Sue has decided that she wants to buy new set of golf clubs. She found a advertised online. However, the seller has decided that in order to save online fees if Sue sent a personal check in the mail and in turn the seller would ship the golf clubs.
 - a. *Red; A personal check could have problems for the following reasons:*
 1. *It could get lost in the mail*
 2. *It contains too much information*
 3. *Once the check is deposited into a bank account it is irreversible.**In addition the seller may never ship the golf clubs once they have received the check. If Sue decides that she does not like the golf clubs it will be too late because the transaction will be complete.*

4. Chris is shopping a new book to read for the summer. The best deal he found was at an online store. He has gained approval from his parents to use their credit card to make the purchase from the online store.
 - a. *Green; His first purchase is a small one so he has the opportunity to get to know the company. He has received his parents permission to use a credit card which will be covered by the Fair Credit Billing Act.*



5. Sam is looking to make his first big purchase of a stereo. Even though the stereo is only a year old it is a great price. After closely looking at many pictures on the internet he has decided to set up a wire transfer to pay for the computer.

a. Red; Pictures on the internet can be deceiving. You are not able to be sure if you are looking at truthful pictures of the product. This may be a good situation to question why the seller wants to sell their stereo that is only a year old for such a great price. Is there something wrong with it that Sam should know about? The method of payment being a wire transfer is unsafe because it is irreversible.

6. Jill accidentally lost her cell phone and needs to replace it immediately. She decided to go on line to shop for one. She found one that was being sold by a classmate that she is not really friends with but is in Chemistry class with. The classmate said that he would bring the cell phone to school the next day if she brought a cashier's check to pay for it. They would make the trade before class begins, Jill agreed.

a. Yellow; It is a good idea that Jill knows who the person is and she is capable of seeing the cell phone to ask questions to the seller. Using a cashier's check poses a problem if she decides that she does not want the phone. Cashier's checks are not always reversible if necessary. Is she making a quick decision because she needs to find a cell phone quickly? If she were to shop around would she be happier with a different purchase?



Standard F–Community and Financial Responsibility

Phil's Community Connections

LESSON 1 Puzzle of Philanthropy

GRADES: 3-5

Purpose

Students will research some local community organizations to better understand the real application of the terms “philanthropy” and “hero.”

Duration

Four 45 minute lessons.

Objectives

The learner will:

- Define philanthropy from an inexperienced initial perspective.
- Recognize that common people can be philanthropic heroes.
- List three examples of simple acts of philanthropy.
- List three community resources that work to improve the community's common good.
- Research the purpose and history of a community organization.
- Redefine philanthropy from their more experienced perspective, evaluating how the definition has changed.
- Reflect on the meaning of a hometown (philanthropic) hero.

Materials

- Notebook or handmade journal for each student.
- Phone books, local directories, Internet connection for research.
- *Uncle Willie and the Soup Kitchen*.

Procedure(s)

Anticipatory Set:

Distribute to each child \$100 of play money and tell them their task is to utilize the money in the best manner to help other people. The students write in their journals exactly how the pretend money should be spent and how it will help others. Ask some students to read their ideas aloud to the class. (They will look back at these ideas later when they know more about philanthropy.)

- Write the words “philanthropy” and “hero” on the board. Ask the children to define the words as part of a class discussion. The teacher may provide guidance to define philanthropy as the giving or sharing of time, talents, or treasure for the common good.

- Guide children to define heroes by brainstorming examples of heroes in literature, the news, and in the community. Make a list of these people and what they did for others. Ask them to think of the common traits of these heroes (honest, selfless, works for the common good, etc.).
- Students should write the definitions of philanthropy and heroes in their own words and with examples in their journals.

Day 2

- Read *Uncle Willie and the Soup Kitchen* by DyAnne DiSalvo-Ryan. Before reading ask students to listen for acts of philanthropy and examples of heroes. After reading, have the students identify the philanthropy and heroes. Guide students to recognize that common people (like them) can be philanthropic heroes. There are other books listed in the **Bibliographical References** with more examples of community heroes.
- Ask students if it is the responsibility of people to help those in need. Discuss whether it is everybody's responsibility to make the world a better place no matter how much money they have. Why is philanthropy a responsibility and not something extra?
- Show the students how to use available resources to determine whether there is a soup kitchen in your area. If so, find out who runs it: a church, a community organization, a government-funded organization, or other. Talk about the motives of the group that runs it. Discuss what kinds of philanthropy are involved (time, talent, and/or treasure).
- Guide the students to use available resources to locate community organizations that help people. Explain the differences between government organizations and private organizations that provide support to others.
- Students list in their journals at least three community resources that provide for the betterment of the community (examples: Chamber of Commerce, foundations, private individuals, faith-based programs, business and industry, educational institutions, etc.). Each student should choose one of these to research further.

Day 3

- Students research the organization they chose at the end of Day 2. Before they start, generate common questions for them to explore regarding the history, financial backing, and the impact of the service. Help students make contact through websites, phone calls, or e-mail to obtain information from each organization. Students record their research in their journals.

Day 4

- Engage students in a class discussion on the results of their research on local nonprofit organizations/services to further understand how community organizations support community citizens and their efforts.
- After the discussion, students write a journal entry to evaluate their initial definitions of "philanthropy" and "hero" stating if their perceptions have changed or remained the same. They should support with evidence their initial idea of how to spend the \$100 or revise their ideas based on the new information.

Assessment

Assess student writing in the journals. They should have completed all the assignments thoroughly and demonstrated thoughtfulness in the process. See rubric below.

Rubric		
Points Possible	Task	Points Earned
3	Journal Entry One: Define philanthropy and hero and explain how to spend \$100 for the common good.	
3	Journal Entry Two: List three community organizations that help others.	
3	Journal Entry Three: Research of the local organization includes: a. origin, b. financial backing, c. impact.	
3	Journal Entry Four: Students completed an evaluative statement of definitions and to justify continued belief in initial plans of spending the \$100 of play money, or describing how they would change their initial plans for use of the money.	

Standard G–Risk Management

I Can Be an Entrepreneur

Grades 3-5

Key Economic Concepts

- Accounting Profit
- Accounting Loss
- Advertising
- Business
- Costs
- Entrepreneurs
- Entrepreneurship
- Goods
- Price
- Production
- Risk
- Services

Description

Learners are given information on how they can earn extra money by becoming entrepreneurs. After investigating several web pages that offer examples of what other people their age have done to earn money, students identify three money-making ideas for themselves such as: considering what they would enjoy doing, what they do well, what people are willing to buy, the need to set a price that will be profitable, and safety. In a follow-up activity, students are given tips on how they might advertise what they are selling. They prepare flyers to promote one of their ideas for earning money. For an introduction to earning and other ways people get money, the instructor may want to first use the lesson “Money Doesn’t Grow on Trees.”

Lesson Objectives

Students will

- Select three businesses they believe can be successful for them and support their ideas with reasons why.
- Create a flyer promoting what they are selling.

Introduction

Discuss the following with your students: There are two basic ways to earn money. One way is to make or gather something that others are willing to buy. The something you make or gather is called a good. The other way is to do work that others are willing to pay you to do. This work is called a service. Maybe your family gives you money for doing household chores like dusting, washing the dishes, or feeding a pet. The amount of money your family is willing and able to pay you is probably limited. Have you ever tried to sell a good or service to people outside your family—perhaps to friends or neighbors? If you have, you were probably an entrepreneur.

The dictionary says an entrepreneur is, “a person who organizes and manages a business, assuming the risk for the sake of profit.” In short, an entrepreneur is a business person who does these things:

1. Sees an opportunity for making money
2. Makes a plan
3. Starts the business
4. Manages the business
5. Receives the profit

A business can be a big company that makes televisions or computers. A business can also be small such as a neighborhood grocery store or a soft drink stand at a local ball game. In this lesson, your students will learn more about what entrepreneurs do and what it takes to become a successful entrepreneur.

Resources

The following web pages are suggested for students to use when researching money-making ideas:

- **Kid’s Money Making**

<http://www.kidsmoney.org/makemone.htm>

A site where people can submit their money-making ideas to and read the advice other people have shared.

- **Summer Sun, Fun, and Money**

http://googolplex.cuna.org/30399/ajsmall/story.html?doc_id=149

This site helps kids under 16 think of things they can do during the summer months to earn spending money.

- **Summer Jobs for Kids**

<http://familyfun.go.com/parenting/learn/activities/feature/famf0600sumjob/famf0600sumjob6.html>

This site offers tips to help kids and their parents decide what type of job would best suit them.

You may also want to have some books with money-making ideas available in your classroom or school library. Here are three possibilities:

- *Kid Biz*, Bonnie and Noel Drew (Eakin Press, 1990). ISBN 0890157499
- *Kid Cash*, Joe Lamancusa (TAB Books, a division of McGraw-Hill, 1993). ISBN 083064265X
- *Making Cents: Every Kid’s Guide to Money*, Elizabeth Wilkinson (Little, Brown and Co., 1989) ISBN: 0316941026

Check with your librarian and bookstore for other books on the same subject.

Process

There is substantial flexibility in how this lesson may be used. You may decide to have students focus on jobs that they can do to earn money in the classroom, school, neighborhood or a combination of these. This choice will be influenced by factors such as the age of your students, the economic circumstances of their families, student safety, and classroom time you wish to devote to the project.

Some teachers require students to follow through with their money-making idea trying to find customers for what is being sold. If you are not comfortable having students seek work in the community-at-large, you can direct them to identify a job they can do for classmates. Jobs are done during recess or special classroom time. Other educators allow students to sell to anyone in their school—a school store is opened or there is a special market event. Another option is a school fair (perhaps on the evening a PTA meeting is being held) where parents are invited to meet students and learn about the goods and services being sold.

Activity 1–Choosing a Business

Have students complete the worksheets
Earning a Profit and Jobs I Can Do to Earn Money.

Suggested discussion questions:

- What jobs did you choose to earn money?
- Why do you think they will be successful?

Create a graphic organizer that organizes the students into categories, (e.g., Enjoyable, Profitable, Consumer Demand, Parents Approve).

Activity 2–Letting Others Know What You Are Selling

Have the students choose one money-making idea and create a flyer that advertises what they are selling. Emphasize the elements that they will want to include in their flyer:

- Pictures, words, and other things that catch people’s attention.
- What they are offering.
- Their qualifications for doing the job.
- Why customers might like or use what they are selling.
- What their good or service costs.
- How to contact them—usually a phone number if they are providing a service.

This is an ideal project for helping students to build word processing, publishing, and other computer technology skills. It is your choice whether the entire project or selected elements of it—such as creating graphics and text—will be completed on the computer. If access to computers is limited, the flyers can also be completed in a more traditional manner with colored markers and paper. Students can draw pictures or cut them out of magazines.

Post students’ completed flyers. Have them report to their classmates their money-making idea and how they would use the flyer they have created. Discuss appropriate locations for the flyers.

Conclusion

If your students want extra money, becoming entrepreneurs may be a solution for them. Have them keep their eyes and ears open—they will be surprised how many opportunities for making money will pop up at home, at school, and in their neighborhood! Keys to a successful entrepreneurial experience are finding something they like to do that is safe and that others are willing to buy; it is also crucial to set a price that will yield a profit, and to spread the news on what they are selling.

Assessment Activity

Evaluation 1

Assess students' completed worksheets for Activity 1. Consider the students' reasons for choosing their jobs, the likelihood that they would be successful, and their neatness, grammar, spelling, accuracy of mathematics, etc.

Evaluation 2

Elements that might be included in an assessment rubric for the promotional flyer include: originality, inclusion of required elements, e.g., what is being sold, contact information, price, design elements (layout, graphics, lettering), mechanics (spelling, grammar, neatness), and appropriateness of information.

EconEdLink: Earning a Profit

Name: _____ Date: _____

Calculate the profit or loss for each of these money-making ideas.

Remember: Revenue - Expenses = Profit or Loss

1. Bracelets. You sell ten bracelets for three dollars each. You have spent three dollars on cord and nine dollars on beads.

_____ - _____ = _____

2. Cookie Sale. At the grocery store you paid ten dollars for the things you needed to make the cookies. You got twenty dollars for the cookies you sold.

_____ - _____ = _____

3. Can Recycling. At the recycling center, you are paid fifteen dollars for the cans you collect. Your only expense is one dollar for some bags to put the cans in.

_____ - _____ = _____

4. Raking Leaves. You rake two lawns getting paid five dollars for each. When the rake you borrowed breaks, you have to replace it. The rake costs eight dollars. You paid three dollars to print flyers to advertise your business to your neighbors.

_____ - _____ = _____

5. Which idea has the most revenue? _____
6. Which idea has the least revenue? _____
7. Which idea has the most expenses? _____
8. Which idea has the least expenses? _____
9. Which idea earns the most profit? _____
10. Which idea earns the least profit? _____
11. What idea loses money? _____

Jobs I Can Do to Earn Money



Job #1 _____ . I will be
providing a _____ to _____
good/service customers

I think I can be successful because _____

_____.

Job #2 _____ . I will be
providing a _____ to _____
good/service customers

I think I can be successful because _____

_____.

Job #3 _____ . I will be
providing a _____ to _____
good/service customers

I think I can be successful because _____

_____.

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